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Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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DRAFTED BY ARA/CEN/CR:MMBOVA:HLB
APPROVED BY ARA/CEN - L.KILDAY
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O 171956Z FEB 76
FM SECSTATE WASHDC
TO AMEMBASSY SAN JOSE IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: LATIN AMERICAN BANK SETTLEMENT

REF: SAN JOSE 749, SAN JOSE 763

1. THE FOLLOWING TELEX WAS SENT BY THE EX-IM BANK FEB. 13 TO THE CENTRAL BANK OF COSTA RICA FOR THE ATTENTION OF EXECUTIVE PRESIDENT JIMENEZ BERNAL. IT IS REPEATED FOR YOUR INFORMATION:

WE HAVE BEEN INFORMED THAT CENTRAL BANK AND THE NATIONAL BANK OF COSTA RICA MAY BE RECONSIDERING THEIR OBLIGATIONS UNDER THE SCHEME OF ARRANGEMENTS (SCHEME) AGREED TO WITH RESPECT TO THE LATIN AMERICAN BANK (LAB). WE TRUST THAT THIS IS NOT THE CASE BUT IN ANY EVENT WE WOULD LIKE TO MAKE THE FOLLOWING POINTS.

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(A) WE WE WANT TO EXPRESS OUR GREAT CONCERN OVER THE

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POSSIBILITY THAT THE CENTRAL BANK MAY AT THIS LATE HOUR FAIL TO CARRY OUT ITS DUTY UNDER THE SCHEME AS PROPOSED BY THE CENTRAL BANK, IN VIEW OF THE FACT EX-IM HAS ACTED TO ITS DETRIMENT IN RELIANCE UPON THE CENTRAL BANK.

(B) FURTHER, WE WOULD LIKE TO STATE OUR REJECTION OF THE CONCEPT OF ANY USE OF BILATERAL ARRANGEMENTS BETWEEN THE CENTRAL BANK AND SOME BUT NOT ALL OF THE VARIOUS CREDITORS OF LATIN AMERICAN BANK AS A PROCEDURE FOR RE-SOLVING THE PROBLEM ASSOCIATED WITH LATIN AMERICAN BANK. SUCH ARRANGEMENTS AT THIS POINT WOULD BE OUTSIDE THE SPIRIT OF PREVIOUS DISCUSSIONS WITH AND STATEMENTS BY THE CENTRAL BANK ON SEVERAL OCCASIONS BOTH IN NEW YORK AND SAN JOSE.

(C) WE WISH TO RECONFIRM OUR UNEQUIVICAL SUPPORT OF THE SCHEME AND TO EXPRESS OUR VIEW THAT IT IS A PROPER AND JUST FORM FOR WORKING OUT THE LATIN AMERICAN BANK PROBLEM.

FINALLY, WE WISH TO EXPRESS OUR CONFIDENCE THAT THE CENTRAL BANK OF COSTA RICA WILL CONTINUE TO COOPERATE WITH THE CREDITOR BANKS OF LATIN AMERICAN BANK AND WILL SEE TO IT THAT THE TERMS OF THE SCHEME ARE FULLY MET BY ALL PARTIES. END TELEX.

2. EX-IM OFFICIALS TRIED BUT WERE UNABLE TO REACH CENTRAL BANK PRESIDENT BERNAL JIMENZ WHILE HE WAS IN THE U.S. INGERSOLL

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